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NOTIFICATION

H. 12017/55/99-LJD/114, the 10th May, 1999. The following Notificatio n of the Central Govt. is hereby published for general information.

R. Lalthazuala,
Deputy Secretary to the Govt. of Mizoram.

MINISTRY OF INDUSTRY

(Department of Industrial Policy and Promotion)

NOTIFICATION

New Delhi, the 18th February, 1999

No. 6 (2)/98-DBA-II.— The Government of India is pleased to make the following scheme of Interest Subsidy on the Working Capital Loans for industrial units in the North-Eastern Region comprising the States of Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland and Tripura with a view to accelerating industrial development in the region.

1. Short title : This Scheme may be called the Central Interest Subsidy Scheme, 1997.

2. Commencement and duration : It will be effective from the 24th day of December, 1997 and remain in force upto and inclusive of 31.03.2007.

3. Applicability : The Scheme is applicable to new industrial units or their substantial expansion in the Growth Centres or IIDCs or industrial estates/parks/ export promotion zones set up by States in the North Eastern Region and new industrial units or their substantial expansion in the specified industries (as at Annexure-A) located outside these Growth Centres and other identified locations.

4. Definitions :

(a) 'Industrial Unit' means any industrial undertaking, suitable servicing unit other than that run departmentally by Government of India/State Government;

(b) 'New Industrial Unit' means an industrial unit for the setting up of which effective steps were not taken prior to 24th December, 1997;

(c) 'Existing Industrial Unit' means an industrial unit set-up prior to the operative date of the scheme i.e. 24th December, 1997;

(d) 'Substantial Expansion' means increase in the value of fixed capital investment of an industrial unit by not less than 10% for the purpose of expansion of capacity/modernisation and diversification; and

(e) 'Effective steps' means one or more of the following steps:—

(i) that 10% or more of the capital issued for the industrial units has been paid up;

(ii) that any part of the factory building has been constructed;

(iii) that a firm order has been placed for any plant and machinery required for the industrial unit.

(f) 'Fixed Capital Investment' means investment in land, building and plant and machinery.

Total fixed capital investment will be assessed as follows:

1) Land: The actual price paid for the land to the extent needed for the purposes of the plant. Charges for the leased land will not be taken into account.

2) Building: Same as in the case of land. Rent of a hired building will not be taken into account.

3) Plant and machinery:

(i) In calculating the value of plant and machinery, the cost of plant and machinery as erected at site will be taken into account which will include the cost of productive equipment, such as tools, jigs, dies and moulds; transport charges, insurance premium, etc. will also be taken into account.

(ii) The amount invested on goods carriers to the extent they are actually utilised for transport of raw materials and marketing of the finished products, will be taken into account.

(iii) Working capital including raw materials and other consumable stores will be excluded for computing the value of plant and machinery.

(g) Fixed Capital represents the depreciated value of fixed assets owned by the factory as on the closing day of the accounting year. Fixed assets are those which have a normal productive life of more than one year. Fixed capital covers all types of assets, new or used or own constructed, deployed for production, transportation, living or recreational facilities, hospitals, schools etc. for factory personnel. It includes the fixed assets of the head office allocable to the factory and also the full value of assets taken on hirepurchase basis (whether fully paid or not) excluding interest element. It excludes intangible assets and assets solely used for post manufacturing activities such as sale, storage, distribution etc.

(h) Physical Working Capital is defined to include all physical inventories owned, held or controlled by the factory as on the closing day of accounting year such as the materials, fuels and lubricants, stores etc., that enter into products manufactured by the factory itself or supplied by the factory to others for processing. Physical working capital also includes the stock of materials, fuels and stores etc., purchased expressely for re-sale, semi-finished goods and work in progress on account of others and goods made by the factory which are ready for sale at the end of the accounting year. However, it does not include the stock of the materials, fuels, stores, etc. supplied by others to the factory for processing. Finished goods processed by others from raw meterials supplied by the factory and held by them are included and finished goods processed by the factory from raw materials supplied by others are excluded.

(i) Working Capital is the sum total of the physical working capital as already defined above and the cash deposits in hand and at bank and the net balance of amounts receivable over amounts payable

at the end of the accounting year. Working capital, however, excludes unused overdraft facility, fixed deposits irrespective of duration, advances for acquisition of fixed assets, loans and advances by proprietors and partners irrespective of their purpose and duration, long-term loans including interest thereon and investments.

5. Extent of admissible subsidy:

All eligible industrial units in the North Eastern Region shall be given an interest subsidy to the extent of 3% on the Working Capital advanced to them by the Scheduled Banks or Central/State financial institutions for a maximum period of 10 (ten) years from the date of commencement of production.

6. Norms for Working Capital calculation:

For the purpose of this scheme, the minimum working capital requirement of a unit shall be worked out @25% of their annual turnover. Inventory norms may be applied, if necessary, after providing for aforesaid minimum level. In respect of such units for which norms have not been laid down/are not applicabe (due to the units coming below the cut off point of Rs. 10 lakhs of working capital), the request of working capital should be considered favourably so long as the working capital is not very much above such minimum level. Special norms can also be evolved for inventory and receivables. Working capital below the minimum level may be justified under special circumstances in which the requirement is demonstrably lower, as in the case of ancilliary units in the small scale sector with assured supply of inputs and off-take of output.

7. Designated Agency for disbursement of Subsiby:

North Eastern Development Financial Corporation (NEDFI) shall be the designated agency for disbursement of interest subsidy on the basis of the recommendation of the concerned Stated Government.

8. Procedure for claiming Interest Subsidy:

Industrial units eligible for subsidy under the scheme will get themselves registered with the State Department concerned prior to taking effective steps for setting up the new units or undertaking substantial expansion of the existing units and indicate their assessment of the total working capital likely to be required for a unit. Such of the units as had taken effective steps on or after 24. 12. 1997 i.e. the date of announcement of the scheme will get themselves registered by 31.12.1999.

9. Procedure for disbursement of Interest Subsidy:

Each State Government concerned will set up a State Level Committee consisting of a representative each of the State Department concerned, the State Finance Department, State Directorate of Industries. NEDFI or its designated agency and the financial institution concerned, to go into each case to decide whether it qualifies for the grant of subsidy and also about the quantum of subsidy.

10. The subsidy will be disbursed to the unit by NEDFI on the recommendation of the State Level Committee/State Government concerned.

11. Rights of the Centre/State Government/Financial Institutions :

If the Central Government/State Government/Financial Institution concerned is satisfied that the subsidy or grant to an industrial units has been obtained by misrepresentation of the essential facts, furnishing of false information or if the unit goes out of production within 2 years after having availed the subsidy under the scheme, the Central Government/State Government/Financial Institution concerned may ask the unit to refund the grant or subsidy after giving opportunity to the concerned to be heard.

12. Without taking prior approval of the Ministry of Industry, Department of Industrial Policy & Promotion/State Government/Financial Institution concerned no owner of an industrial unit will be allowed to change the location of the whole or any part of the industrial units or effect any substantial contraction or disposal of a substantial part of its total fixed capital investment within a period of 2 year of receiving a part or the whole of the grant or subsidy under the sheme.

13. After receiving the grant of subsidy, each industrial unit shall submit annual progress report to the Ministry of Industry, Department of Industrial policy and Promotion/State Government concerned, about its working for a period of 10 years after going into production.

SMT. PRATIBHA KARAN, Jt. Secy.

ANNEX-A

Tentative List of Agro-Forest and Gas-based Industries Appropriate for Development in the North Eastern Regions

1. Fruit and Vegetable Processing.

(i) Canned/Bottled Products
(ii) Aeseptic Packaged Products.

(iii) Frozen Products
(iv) Dehydrated Products
(v) Oleoresins

2. Meat and Poultry Products

(i) Meat Products (buffallo, sheep, goat and pork)
(ii) Poultry Production
(iii) Egg Power Plant

3. Cereal Based Products

(i) Maize Milling including starch and its derivatives
(ii) Bread Biscuits, Break fast Cereals etc.

4. Consumer Industry

(i) Snacks
(ii) Non-Alcoholic Beverages
(iii) Confectionery including Chocolate
(iv) Pasta Products
(v) Processed Spices etc.
(vi) Processed Pulses
(vii) Tapioen Products

5. Milk and Milk-based Products

(i) Milk Power
(ii) Chese
(iii) Butter/Ghee
(iv) Infant Food
(v) Weaning Food
(vi) Malted Milk Food

6. Food Packaging
7. Paper Products
8. Jute and Mesta Products
9. Cattle/Poultry/Fishery Feed Production
10. Edible Oil Processing/Vanaspati
11. Processing of Essential Oils and Fragrances

12. Processing and Raising of Plantation Crops

(i) Tea, Rubber, Coffee, Coconut etc.

13. Gas based Intermediate Products

(i) Gas exploration and Production
(ii) Gas Distribution and Bottling
(iii) Power Generation
(iv) Plastics
(v) Yarn Raw Materials
(vi) Fertilizers
(vii) Methanol
(viii) Formaldebycle and FR Resin Melamme and MF Resin
(ix) Methylamine, Hexamethylene Tetranine, Ammonium Bi-Carbonate
(x) Nitrite Acid and Ammonium Nitrate
(xi) Carbon Black
(xii) Polymer Chips

14. Agro Forestry

15. Horticulture

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